

growth. As the population grows, demand for insurance grows while property values increase. Unless affordable insurance is available to these property owners, the Federal Government will continue to face open-ended liability. According to a policy paper prepared by the Clinton administration, private insurance plays a critical role in providing financial protection to living in disaster-prone areas by assisting in rebuilding, providing emergency living expenses, and reducing income losses. In fact, since 1989, private insurance companies have paid claims amounting to more than \$30 billion.

Furthermore, a document issued by the Senate Bipartisan Task Force on Funding Disaster Relief in 1994 concluded that, between fiscal year 1977 and 1993, the Federal Government spent approximately \$120 billion on natural disasters.

Mr. Speaker, the problem at hand is that the demand for insurance in disaster-prone areas is increasing while the supply of private insurance has not kept pace. Many large insurance companies which would ordinarily be competing for this premium income in disaster-prone areas have stopped writing new policies, while many other small- and medium-size companies have been reluctant to fill in the resulting gaps due to their fear of a truly catastrophic event.

Prior to the large number of disasters that began in the late 1980's, actuarial techniques used by insurance companies were inadequately reserving for disasters. For example, losses were estimated on a 30-year cycle. From late 1950 until the late 1980's few disasters occurred. As a result, prices for catastrophic insurance were low compared to the actual risk carried by U.S. insurers.

Due to the lack of insurance coverage available, my home State of Florida has embarked on the only path available after the devastation of Hurricane Andrew. It has set up the Florida Catastrophe Fund and enhanced the Joint Underwriting Association and Windstorm Association, both of which are to be the insurers of last resort for those who are unable to find insurance. However, no one should be forced to seek coverage from a more-expensive, less-responsive Government program, so it is incumbent on us as policymakers to find the proper incentives for the private sector to write more coverage. Otherwise, I can only believe this is a manmade disaster waiting to happen.

Our experience with State insurance pools demonstrate that States cannot go it alone when they are ravaged by destructive occurrences. Therefore, I believe action at the Federal level is needed to encourage private insurance companies, including smaller and medium-size companies, to continue insuring individual homeowners and businesses in areas prone by natural disasters. Additionally, action at the Federal level can be instrumental in encouraging high-risk areas to better prepare for such events.

Fortunately, a lot of exciting and innovative thought is taking place in the insurance industry. For example, many insurance companies are teaming up with investment banks to bring capital to their markets by securitizing risk and thereby increasing the amount of exposure they can carry. This innovative development will help alleviate the shortage of insurance for those in disaster-prone areas.

We, in Congress, should not do anything that stifles this creative spirit within the indus-

try. However, we should use the Federal Government as a tool to complement the efforts being made by the private sector to deal with natural disasters.

I have introduced a bill that contains three main parts to address the issues created by natural disasters. First, this bill provides immediate relief in the form of reinsurance for primary insurers through a fiscally responsible prefunded bond approach. Currently, there is a shortage of mega-catastrophe reinsurance available for primary insurance companies and this bill will bring much-needed capital to those high excess layers of risk. Second, this bill calls for a study regarding the viability of changing the Tax Code to encourage insurance companies to reserve for catastrophic events. Third, this bill has a mitigation component designed to keep damage caused by natural disasters to a minimum when they inevitably strike.

This bill follows the important bipartisan work on this issue by Senator STEVENS, Senator DAN INOUE, and former Congressmen BILL EMERSON and NORM MINETA. I believe this bill creates a framework that contains the essential elements to begin the dialog on this important issue facing this Nation. Congress needs to take a leadership role in bringing together all those involved in natural disaster planning in order to reach a resolution to this issue. I plan on working with my colleagues, the administration, State, and local governments, and with industry to find the right solution for the American people. It is my hope that we can hold hearings on this subject soon.

INTERNATIONAL CUSTOMS DAY

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 7, 1997

Mr. CRANE. Mr. Speaker, January 26 has been designated by the World Customs Organization [WCO] as International Customs Day, a time to give recognition to customs services around the world for the role they play in generating revenue and protecting national borders from unauthorized imports.

The U.S. Customs Service represents the United States in the World Customs Organization which, since 1953, has grown into a 142-member international organization. The WCO's purpose is to facilitate international trade, promote cooperation between governments on customs matters, and standardize and simplify customs procedures internationally. It also offers technical assistance in the areas of customs valuation, nomenclature, and law enforcement. The organization's objective is to obtain the highest possible level of uniformity among the customs systems of its member countries. The involvement of the U.S. Customs Service in the WCO reflects the recognition that our country and its trading partners benefit when international trade is facilitated by simple, unambiguous customs operations around the world.

I take this opportunity to offer my congratulations to the World Customs Organization on its past accomplishments and wish it well in its ambitious efforts to further harmonize and simplify customs regulations. I also congratulate the U.S. Customs Service for its many years

of fine work both domestically and internationally.

IT IS TIME FOR TERM LIMITS

HON. BILL MCCOLLUM

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 7, 1997

Mr. McCOLLUM. Mr. Speaker, I am pleased to introduce a proposed amendment to the Constitution limiting the terms of Members of the House to 12 years of service and Senators to 12 years of service. This is a proposal I have enthusiastically pushed for over the years and one I continue to support.

Many may remember the term limits bill the House considered in March 1995 as part of the Contract with America. This is the exact same bill. I was excited when the first ever vote in the House produced 227 ayes. While this is a majority, it was not the two-thirds majority needed to pass a proposed constitutional amendment. I look forward to addressing this issue again in the 105th Congress.

The arguments for term limits are numerous and persuasive. Volumes could be written on the issue, but I would like to stress one point. Term limits are not simply to create turnover for the sake of turnover. Sure, it is important to get fresh blood in Congress, but it is more important to change the institution as a whole in a manner that only term limits can achieve. Term limits would end the pervasive careerism in Congress.

Mr. Speaker, the status quo in Congress encourages longevity in service. One's impact in Congress is almost always directly related to the length of time the Member has served. This is due to the fact that the House and Senate are directed primarily by the elected leadership and the full and subcommittee chairmen. Few rise to these levels without significant time served.

Therefore, many Members will do their best to stay in Congress as long as possible, making it a career. It is my firm belief that human nature dictates that most Members of Congress, whether Republican or Democrat, are going to worry more about getting reelected than anything else in the career oriented environment of the present system. Consequently the tendency of most will be to try to please every interest group in order to get reelected. While term limits would not completely end this attitude, it would mitigate it considerably because term limits would mean that when somebody is elected to Congress they would know that they were only coming here to serve a short period of time, not to make a career out of it. I am firmly convinced that this is the single biggest obstacle to getting a balanced budget and making some of the tough decisions that have to be made as we move into the 21st century.

Finally, Mr. Speaker, term limits is supported by over 70 percent of Americans. This is not a partisan issue. It is a sound proposal with popular support. Isn't it time that Congress passed this critical reform?